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U.S. House of Representatives  
COMMITTEE ON POST OFFICE AND CIVIL SERVICE  
SUBCOMMITTEE ON CIVIL SERVICE

122 CANNON HOUSE OFFICE BUILDING

Washington, DC 20515

November 25, 1985

TELEPHONE (202) 225-4025

Honorable Lee H. Hamilton  
Chairman  
Permanent Select Committee on Intelligence  
H405 Capitol  
Washington, DC

Dear Chairman Hamilton:

Re

HR 2672

after FSB  
PL 96-465

The Senate amended its civil service supplemental retirement bill to include employees of the Foreign Service and the Central Intelligence Agency (CIA) within its provisions. The bill reported out of the House Committee on Post Office and Civil Service does not cover members of the Foreign Service or the CIA.

As you meet in conference on H.R. 2672, I ask that you consider the following.

The Foreign Service Act of 1980 (P.L. 96-465) established a spouse's presumption of entitlement to a pro rata share of retirement and survivor benefits, based on the number of years of marriage during years of government service. Similar legislation (P.L. 97-269) was enacted in 1982 for spouses of CIA personnel.

In contrast, the Civil Service retirement laws merely permit courts to award a share of an employee's retirement or survivor benefits to a divorced spouse.

By bringing the Foreign Service and CIA in under the civil service provisions, the Senate amendments would eliminate the presumption of pro rata entitlement for spouses of Foreign Service and CIA personnel covered under the new system.

The factors which led us to enact the pro rata provisions for Foreign Service and CIA spouses have not changed. Frequent transfers and legal, cultural, and language barriers make it nearly impossible for Foreign Service and CIA spouses to find paid employment overseas or earn retirement credit in their own right. At the same time, these spouses represent the United States abroad and are a key part of the country team.

The Senate bill permits current system participants to switch to the new system. So, the effect of the Senate action is that a Foreign Service or CIA officer contemplating divorce could switch to the new system just to avoid pro rata division. ↙

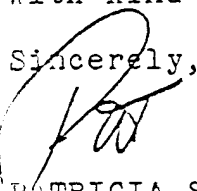
Pro rata under the new system could work as follows: For Foreign Service and CIA the retirement benefit consists of four portions: (1) Social Security, from which the former spouse would automatically get a portion under existing law; (2) the defined benefit tier, available to foreign service and CIA at age 50; (3) a special supplement for persons who retire before age 62, when they are eligible for Social Security; and (4) a thrift plan, similar to a 401(k).

The defined benefit and interim supplement are similar to the current system, and could simply be subject to a presumption of pro rata division, absent a court order determining otherwise. Contributions to the thrift plan could be similarly divided on the date of retirement. Each spouse could then decide how to invest the amount or to roll it over into an IRA. Survivor benefits could be handled the same way as retirement benefits.

The intent of the supplemental plan is to provide a comprehensive retirement system for those new federal workers who are covered under Social Security. I urge you to continue the presumption of pro rata division for Foreign Service and CIA personnel covered by the new system.

With kind regards,

Sincerely,



PATRICIA SCHROEDER  
Chairwoman